Manitoba

Annual Report 1987 - 88

The Public Trustee

90-00337/

Manitoba

The Attorney General

Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable George Johnson, M.D.
Lieutenant-Governor of Manitoba

May it please Your Honour:

It is my privilege to present for the information of Your Honour the Annual Report of the Public Trustee for the fiscal year ending March 31, 1988.

Respectfully submitted,

James C. McCrae
Attorney General of Manitoba

Manitoba

Public Trustee

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Report to:
File #:
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The Honourable The Attorney General
Government of Manitoba
Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Attorney:

In terms of the provisions of Section 13.2 of The Public Trustee Act, I submit this Sixth Annual Report for the period ending March 31st, 1988.

The report of the Provincial Auditor dated September 13th, 1988 is attached hereto as Appendix "A".

Yours truly,

J. D. Raichura, Q.C.
Public Trustee

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General Observations

a) **Estates and Trusts under Administration**

In the fiscal year ending March 31st, 1988, all of the office functions again experienced increased activity. The net value of estates and trusts under administration increased to $92,164,412 from $83,201,382, an increase of 10.77%. The increase for the previous year was 5.96%. The increase in the number of estates in the Mental Health and in the Estates and Trust accounts were 1.56% and 3.41% respectively.

The Common fund, the principal investment vehicle of this office, was $71,869,699 up from $67,182,224.

b) **Program Operation**

As indicated in the Revenue/Expenditure Profile, the revenue increased 7.93%. Expenditures increased 8.66% as a result of the general increase in salaries, and four additional term staff years.

Office Overview

A study of this office by the Planning, Research and Evaluation Branch of the Department in 1987 resulted in a comprehensive review and recommendations with regard to the operation of the office. Some of these matters are highlighted hereunder.

The review recommended a significant increase in the staffing requirements of the office and this has been dealt with in part. The Treasury Board approved eight of the ten recommended positions. The ongoing growth will continue to place excessive workloads on the existing staff, as the authorized increase in staff was with respect to the office situation as at March 31st, 1987. One of the recommendations of the office review was for succession planning to provide for trained personnel to ultimately take over more senior positions as retirements occur. This remains an objective of the program, although the existing staffing levels do not provide an ability to meet this objective at this time.

A major change that was recommended was the upgrading and improvement to the current accounting system. The existing accounting system no longer meets today's requirements and the equipment has become obsolete. The Office is currently undergoing the next step in a total accounting system review and upgrading. The target date for completion has been set for late 1990. This improved technological change will not only provide for better accounting and financial management reporting but will also assist in exercising better accounting control and will enable review and audit of the large volume of entries that are being processed on a daily basis.

Annual revenues and expenditures have been reviewed and adjusted so that the full costs of technological changes will be recovered from net program revenue.

With increased staffing and program growth has come a need for additional space accommodation and planning is currently underway to meet the current requirements. The additional space will allow for reorganization of some departments and will result in increased efficiency in information handling. However, it does not provide for ongoing expansion.

Law and the Elderly

Cases of financial as well as physical abuse continue to arrive in the office. As mentioned in the previous Reports, there is evidence to suggest that what we see in the office is only a very small percentage of actual occurrences.

There are two main reasons for this. The cases of abuse that come to the office involve only those who have been afflicted with mental disability. Second, we do not as yet have any system or mechanism to deal with the issue of the vulnerable elderly members of the society. It has been statistically demonstrated that these numbers are increasing. There is therefore now a greater need to provide protection to such individuals. This complex and urgent situation is not just a Manitoba or North America phenomena. During May, 1988 an international conference on the topic of "the Law and the Elderly" was held in Toyko, Japan. Clearly, the problem has international connotations and must be addressed without undue delay.

Public Relations

Over the years, the office has been actively involved in public education. Various groups consisting of doctors, nurses, other professionals, care providers and parents have been spoken to at formal as well as informal meetings.

During the period of the Report, the following organizations and entities were addressed by the Public Trustee and his staff.

East View Lodge
Golden Door Geriatric Centre
Community Mental Health — Court Street
Community Mental Health — Provencher Avenue
Holy Family Nursing Home
Alzheimer Association
Manitoba Hydro
StaYoung Centre — YMHA
Manitoba Council on Homemaker Services, Inc.
The Gordon Howard Senior Centre
Manitoba Health Care In-Service Education Interest Group — Selkirk
St. Amant Centre Inc.
Alzheimer Society of Manitoba Inc.
Gwen Secier Creative Living Centre
Western Manitoba Residential Care Provider — Brandon
Winnipeg North Region
Nursing & Staff Development — Selkirk Mental Health Centre

The Public Trustee of Manitoba

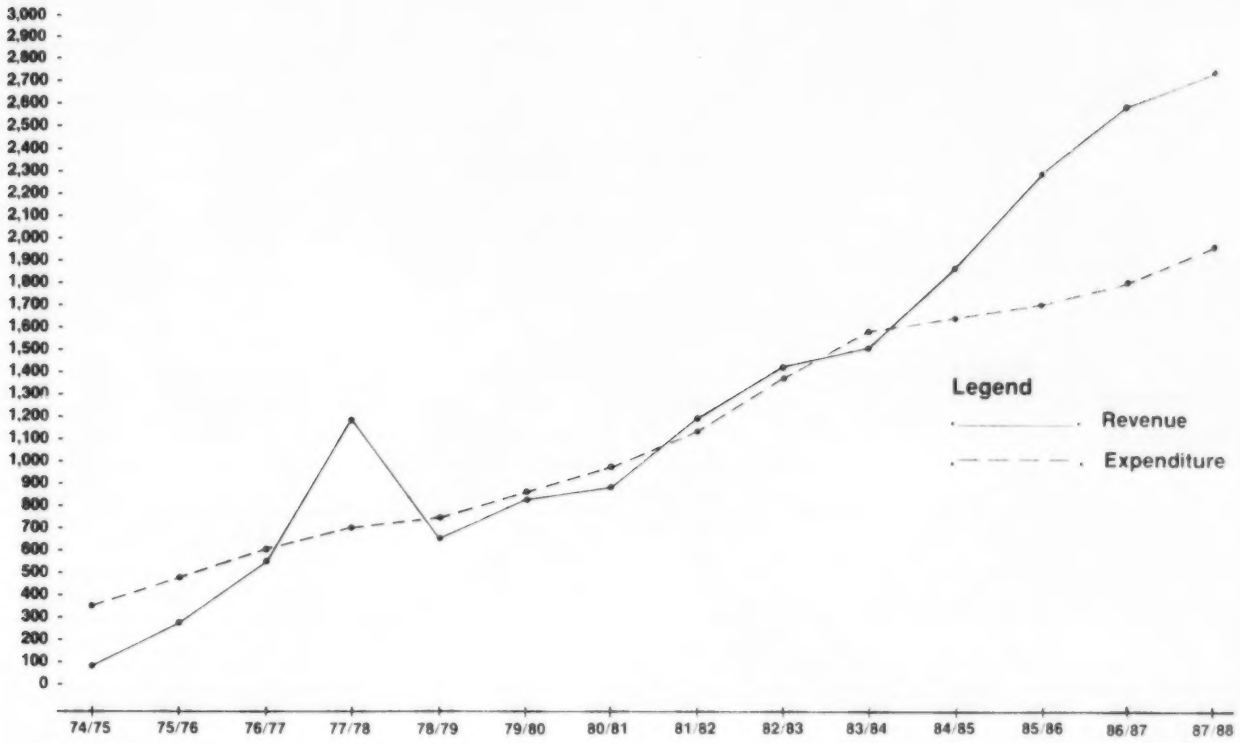
Dimensions

1987-88

Staff complement	55
Revenue:	2,770,500.00
Expenditure:	1,926,900.00
Assets under administration:	92,164,412.00
Number of Estates, Trusts and Legal Files:	7383

The Public Trustee of Manitoba
Department of Attorney-General

Revenue/Expenditure Profile



Year	Revenue	Expenditure	Revenue as a % of Expenditure
1981/82	1170.5	1142.3	102.47%
1982/83	1364.2	1336.0	102.11%
1983/84	1470.1	1522.6	96.55%
1984/85	1853.4	1623.4	114.17%
1985/86	2291.5	1691.3	135.49%
1986/87	2566.9	1773.3	144.75%
1987/88	2770.5	1926.9	143.78%

Note: Expenditures reflect salary and certain operating costs. They do not contain costs pertaining to office space, direct employee benefits and central services such as payroll and personnel.

The Public Trustee of Manitoba

Trust Division Activity

as at March 31

	1985	1986	1987	1988
Dollars under Administration	$20,971.7	$24,056.0	$25,385.5	$27,713.3
Number of Accounts				
Deceased Estates:	739	747	783	762
Infant Trusts:	893	945	974	1055
	1632	1692	1757	1817

The Public Trustee of Manitoba

Mental Health Division Activity

as at March 31

	1985	1986	1987	1988
Dollars under Administration	$50,229.0	$54,464.0	$57,815.8	$64,451.1
Number of Accounts with Assets:	3163	3206	3244	3253
Total Number of Accounts:	4784	4738	5013	5091

The Public Trustee of Manitoba

Legal Department Activity

as at March 31

	1985	1986	1987	1988
Number of files at beginning of year:	364	431	482	436
Number of files opened:	322	375	355	419
Sub-Total:	686	806	837	855
Number of files closed:	255	324	401	380
Number of files at year end:	431	482	436	475

Manitoba

The Public Trustee of Manitoba

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A and B, of The Public Trustee of Manitoba for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of affairs of the estates and trusts under jurisdiction of the Public Trustee as at March 31, 1988 and the cash receipts and disbursements for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

September 13, 1988
Winnipeg, Manitoba.

F. H. Jackson, C.A.,
Provincial Auditor.

Exhibit A
Government of the Province of Manitoba
The Public Trustee of Manitoba

Balance Sheet of estates and trusts under administration

as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Assets		
Cash on hand and in bank:		
General	$ 830,925	$ 316,692
Accountable advance	2,069	401,495
	832,994	718,187
Expenditures recoverable from estates and trusts (Note 2(a))	8,006	7,678
Investments (Note 6)	85,842,815	79,648,158
Annuity contracts (Note 2(d))	2,262	2,242
Accounts receivable (Note 2(e))	140,629	100,962
Rentals receivable (Note 2(e))	15,905	2,200
Notes receivable, principal (Note 2(f))	147,768	121,171
Mortgages and agreements receivable (Note 2(f))	139,520	70,040
Interests in other estates (Note 2(g))	415	3,546
Real estate (Note 2(h))	5,074,682	3,044,043
	$92,204,996	$83,718,227
Liabilities		
Liabilities of estates:		
Mortgages, notes and agreements payable (Note 2(i))	$ 7,732	$ 88,892
Public Trustee, fees payable (Note 3)	22,792	18,780
	30,524	107,672
Government of the Province of Manitoba:		
The Public Trustee accountable advance	10,000	10,000
Administrative fees payable (Note 2(B))	60	399,173
	10,060	409,173
Estates and trusts under administration: (Note 2)		
Excess of recorded value of assets over liabilities:		
The Mental Health Act	64,451,106	57,815,836
The Public Trustee Act	27,713,306	25,385,546
	$92,204,996	$83,718,227

Exhibit B
Government of the Province of Manitoba
The Public Trustee of Manitoba

Statement of Cash Receipts and Disbursements

for the year ended March 31, 1988
(with 1987 figures for comparison)

Receipts	1988	1987
Funds held by estates and trusts brought under administration	$ 8,028,785	$ 7,923,254
Realization of equities in other estates	1,282,775	924,642
Pensions, compensation and assistance	11,335,840	10,260,995
Sickness, disability and other insurance benefits	1,487,627	1,261,796
Collections on account of:		
Accounts receivable	81,050	56,082
Rentals and leases receivable	171,856	178,294
Mortgages and agreements receivable	47,830	31,079
	300,736	265,455
Sale of chattels	199,422	86,563
Sale of real estate	2,209,793	1,406,634
Interest — bonds and investment certificates	8,709,433	8,290,239
Dividends	82,369	114,454
Bank interest	94,372	70,222
Total receipts, before sale or redemption of securities	33,731,152	30,604,254
Sale or redemption of securities	70,511,256	50,571,608
Cash on hand and in bank at beginning of year	316,692	1,157,893
	$104,559,100	$82,333,755

Disbursements	1988	1987
Payments on account of:		
Accounts payable discharged	$ 193,457	$ 156,457
Mortgages and agreements payable	237,731	119,687
Real estate purchases	7,510	30,435
	438,698	306,579
Maintenance:		
Maintenance incurred in hospitals prior to June 30, 1958 (Note 8)	(5,213)	141,582
Board, room and other expenses (Note 4)	12,082,741	10,653,019
	12,077,528	10,794,601
Preservation of estates:		
Realty and income taxes	826,654	843,547
Insurance	75,283	46,877
Repairs	188,042	66,600
Sundry	688,691	597,531
	1,778,670	1,554,555
Support of dependents	69,107	72,524
Administration and passing of accounts (Note 3)	2,692,417	2,602,893
Burial expenses	645,913	556,057
Estates and trusts released from administration	10,117,570	8,454,163
Total disbursements before purchase of securities	27,819,903	24,341,372
Purchase of securities	75,908,272	57,675,691
Cash on hand and in bank at end of year	830,925	316,692
	$104,559,100	$82,333,755

Government of the Province of Manitoba
The Public Trustee of Manitoba

Notes to Financial Statements

March 31, 1988

1. **Role and Objective**

The Public Trustee acts on behalf of persons affected by various disabilities, mental disorders, age and death. The Public Trustee is considered to be an appointment of last resort and therefore provides a public service, generally, where there is no competent or acceptable person available to provide the required service.

2. **Significant Accounting Policies**

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the position on a modified accrual basis with the following exceptions:

A. **Assets**

All known assets are included in the Balance Sheet except for chattels, which are accounted for in separate accounting records, and accruals on investment earnings.

B. **Liabilities**

Liabilities are only recorded on the Balance Sheet where accounts are due to the Government of the Province of Manitoba, and in respect of mortgages, notes and agreements payable described in Note 2(i).

The net recorded value of the estates and trusts under administration is governed by the valuation criteria described on the Balance Sheet as well as the following evaluation and accounting policies:

a) **Expenditures Recoverable from Estates and Trusts**

Expenditures recoverable from estates and trusts represent disbursements made on behalf of estates or trusts for which funds were not immediately available; these expenditures will be charged to the estates or trusts concerned in due course when funds become available. If funds do not become available, these expenditures are recovered from an appropriation of the Department of the Attorney-General, Government of the Province of Manitoba.

b) **Common Fund Investments**

Investments of the common fund, established pursuant to Section 11(1) of The Public Trustee Act, are restricted to securities and loans authorized under The Trustee Act. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Earnings are distributed semi-annually to the individual estates and trusts on a pro rata basis.

c) **Shares of Capital Stock and Mutual Funds**

(i) **Mental Health and Infant Trusts**

The basis of valuation of shares assumed under administration prior to December 22, 1971 is at Valuation Day prices (market value as at December 22, 1971), except shares for which no Valuation Day price exists. Shares are then recorded at cost, if available, or at a nominal value of $1.00.

Shares assumed under administration since December 22, 1971 have been recorded at the market value as at the date of assumption or at a nominal value of $1.00 where market value is not readily available.

All shares purchased by the Public Trustee are recorded at cost.

(ii) **Estates of Deceased Persons**

Shares forming part of estates of deceased persons assumed under administration have been recorded at the market value as at the date of death. Shares purchased by the Public Trustee are recorded at cost. Where no market value exists, nominal values of $1.00 are used.

Notes to Financial Statements

March 31, 1988

Shares recorded at Valuation Day prices (December 22, 1971), assumed under administration since December 22, 1971, and purchased by the Public Trustee, amount to $1,851,625 (1987 — $2,247,342), with the balance of the account representing share certificates of a nominal value of $1.00 each.

d) **Annuity Contracts**

Determinable receivables amount to $1,885 at March 31, 1988 (1987 — $1,885), with the balance of the account represented by receivables recorded at a nominal value of $1.00 each.

e) **Accounts Receivable and Rentals Receivable**

Determinable accounts receivable and rentals receivable amount to $155,815 at March 31, 1988 (1987 —$102,533), with the balance of the account represented by accounts and rentals receivables recorded at a nominal value of $1.00 each.

f) **Notes, Mortgages and Agreements Receivable**

Notes, mortgages and agreements receivable reflect the amount of principal and interest due and unpaid at the time each estate was brought under administration, less any payments subsequently received. Interest due and accrued during administration is not recorded by the Public Trustee until such time as it is received.

g) **Interests in Other Estates**

Determinable interests in other estates amounts to $356 at March 31, 1988 (1987 — $3,492), with the balance of the account represented by interests in other estates recorded at a nominal value of $1.00 each.

h) **Real Estate**

Real estate is valued at estimated market value and amounts to $5,074,403 at March 31, 1988 (1987 —$3,043,726); the balance of the account, represented by burial plots, mines and mineral rights and mobile homes are recorded at a nominal value of $1.00 each.

i) **Mortgages, Notes and Agreements Payable**

Mortgages, notes and agreements payable are recorded in instances where the possibility exists that payments may be made on account of these liabilities. Interest due and accrued during administration is not recorded until it is paid.

3. **Administration Fees**

Under Section 14 of The Public Trustee Act, the Public Trustee may determine reasonable charges based on the services provided to the estates and trusts under his administration. Charges are made annually on the aforementioned basis to each estate and trust on its anniversary date of enrollment with the Trustee, except those estates and trusts which do not have sufficient funds, where the charges are either reduced or not made.

The Government of the Province of Manitoba requested that the total costs of the Public Trustee's Office be fully recovered by means of these administration fees. These fees are remitted to the Government of the Province of Manitoba when funds become available in each estate and trust.

4. **Board, Room and Other Expenses**

Board, room and other expenses reflect payments made for current general living expenses, including clothing, comforts, medical, nursing home costs, etc., during periods of supervision, probation and hospitalization.

5. **Administration Costs**

Administration costs of the Public Trustee of Manitoba are paid out of appropriations of the Government of the Province of Manitoba and are not reflected in these financial statements. Where appropriate, these costs are recovered from estates and trusts in a manner as explained in Note 3.

Notes to Financial Statements

March 31, 1988

6. **Investments**

	1988	1987
Common fund investments (Notes 2 (b) and 7)	$71,869,699	$67,182,224
Term deposits, investment certificates and treasury bills, at par value	3,676,788	2,079,433
Government of Canada and other bonds, at par value	8,444,703	8,139,089
Shares of capital stock and mutual funds (Note 2 (c))	1,851,625	2,247,412
	$85,842,815	$79,648,158

7. **Common Fund — Summary of Investments** (Note 6)

The investments of the Common Fund consist of the following:

	1988 Par Value	1988 Book Value	1987 Book Value
Term deposits and investment certificates	$ 6,600,000	$ 6,600,000	$ 8,600,000
Government of Canada bonds	38,575,000	40,466,492	34,768,415
Province of British Columbia bonds	2,850,000	2,942,030	1,404,661
Province of Manitoba bonds	200,000	199,388	4,387,218
Province of Ontario bonds	1,900,000	1,899,828	1,897,925
Province of Quebec bonds	1,000,000	996,797	—
Ontario Hydro-Electric bonds	17,827,000	18,252,905	14,891,816
Federal Business Development Bank	500,000	512,259	533,225
Federal Business Development Bank Euro-Canadian debentures	—	—	698,964
	$69,452,000	$71,869,699	$67,182,224

8. **Maintenance Incurred in Hospitals Prior to June 30, 1958**

Debts owing by individuals to the Government of the Province of Manitoba for services provided by hospitals up to June 30, 1958 were cancelled and discharged pursuant to Order-in-Council 852/88.

9. **Statutory Fees and Costs**

Under Section 3 (3) and Section 4 of the Public Trustee Act and Section 12 of the Infant Trust Act, the Public Trustee of Manitoba provides legal services for estates and trusts not under his administration. Fees and court awarded costs collected and remitted to the Government of the Province of Manitoba amounted to $13,216 for the year ended March 31, 1988 (1987 — $28,047). These amounts are not reflected in the financial statements.